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The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U. S. D. A.

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Farmers added about one million head of cattle and calves to their herds in 1953, but the increase was far less than in the two preceding years.

The gain of only 1% during 1953 indicates that inventory of cattle and calves is levelling off. The number has increased each year since the beginning of 1949 when 76.8 million head were on farms. It reached a record 94.7 million head on January 1, 1954.

Cows two years old and over, largest single class, increased 4% during 1953. Number of steers was down 11% and beef heifers and bulls also declined. Large number of cows on farms means another big calf crop this year. Total slaughter of cattle and calves this year probably will be close to last year's high of 36.7 million head.

The annual January 1 livestock inventory also showed that:

Number of hogs dropped to 48.2 million head, 11% less than a year earlier and smallest number since 1938.

The number of sheep at 30.9 million was 3% less than on January 1, 1953.

The 439 million chickens was 2% larger than a year earlier while the 5.3 million head of turkeys was about the same.

Horses and mules are continuing to give way to tractors and trucks.

Prices to farmers rose about 4 percent from November to mid-January as marketings declined seasonally and large quantities of products moved under the support program. Prices are now about 3% below a year earlier.

With prices a little lower, farmers' cash receipts in January were down slightly from January a year ago.

Industrial production continued to decline into January, mostly because of efforts to reduce inventories. Retail sales held up well last fall but fell 3% from November to January, largely due to lower sales of automobiles.

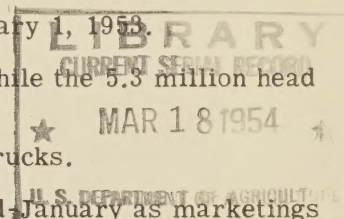
Construction continues a bright spot in the economy. Except for usual seasonal changes, it has continued to hold up this fall and winter.

DAIRY: The reduction in support prices for milk and butterfat from 90% to 75% of parity for the April 1954-March 1955 marketing year will result in generally lower prices. Support level for manufacturing milk will be 35 cents per cwt. below average price received by farmers in the first 10 months of the current marketing year while butterfat support will be about 9 cents per lb. lower. Retail prices of manufactured products would come down--about 10% for butter and less for other products--if all of declines in farm prices were passed through to retail levels. Fluid milk prices in many cities also will be reduced.

Lower retail prices, and the increase in population should result in increased consumption.

With 3% more milk cows on farms January 1 than a year earlier and feed supplies likely to be plentiful, barring drought, milk production in 1954 probably will rise above 1953 record of 121 billion pounds.

POULTRY AND EGGS: Strong demand for both fresh and frozen eggs is holding prices received by farmers slightly above a year earlier. Egg production in January continued at a record breaking pace.



Broiler chick placement has not declined, despite the slump in prices. Slaughter supplies of broilers will be large in March and April.

FATS AND OILS: Soybean prices reached a high for the season in February. Exports so far in 1953-54 have been a record but appear to be tapering off.

Use of edible vegetable oils and butter in the U. S. in October-December was running above a year earlier, but lard was down somewhat. Total use increased 8 percent.

FEEDS: Despite seasonal gains, feed grain prices remain below a year earlier and generally below national average support prices. Quantity placed under government loan so far this season is a near record for the period. Prices of soybean meal and animal protein feeds in early February were higher than a year earlier but most other by-product feeds were lower.

Acreage allotments for corn in the commercial area announced by the Secretary of Agriculture call for a 9.8 million, or 17 percent, reduction from acreage planted last year.

WHEAT: Exports the first 7 months of 1953-54 totaled about 122 million bushels, compared with 190 million in same period last year. Total for season is expected to be between 200 and 225 million bushels. Stocks of old wheat on hand next July 1 when the marketing year ends probably will exceed 800 million. Most of it will be held by the CCC under the price support program.

Wheat prices in recent weeks have continued the advance that began in October. Large quantities held by CCC under price support program have reduced supplies available for commercial market.

FRUIT: Because of increased production of frozen concentrate, use of oranges in Florida was much greater through February 13 than in the same part of last season. With a bigger crop, however, 15% more Florida oranges remained to be marketed after February 1 than a year earlier. Demand for oranges for processing through mid-year probably will stay about as strong as last season.

Stocks of apples in cold storage February 1 were nearly the same as on same date last year but pear stocks were much larger. USDA has bought 178 carloads of pears for distribution to School Lunch program and other eligible outlets.

VEGETABLES: Total quantity of fresh vegetables harvested this winter probably will be 5% smaller than last winter. Storage stocks of potatoes, cabbage and onions are large. Total stocks of canned and frozen vegetables are up moderately from last year.

COTTON: Stocks owned by CCC, held in the CCC producers' pool and covered by outstanding loans totaled 8.4 million bales on February 12. However, some cotton covered by 1953 crop loans is being redeemed by growers. The average price for middling 15/16 inch cotton has risen since the first of January and was slightly above a year earlier in mid-February.

From August 1 through December, 1953, 1.2 million bales of cotton were exported, 200,000 less than a year earlier. In the last 7 months of the season, exports are expected to be higher than in the same period of 1952-53.

TOBACCO: Consumption of cigarettes in 1953 fell a little below 1952, the first decline in several years. However, quantity of tobacco consumed probably held even since smokers used more "king size" cigarettes. Cigar consumption was up a little in 1953 but use of smoking and chew tobacco was off about 5%. Snuff consumption did not change.

WOOL: The 3% reduction in number of sheep on farms during 1953 probably means lower output of shorn wool this year. Pulled wool production also is likely to be down because fewer sheep and lambs are expected to be slaughtered than in 1952. World wool supplies for 1953-54 are about the same as in 1952-53.